SECURITY UNIT
LETTER OF INTENT #1
(Article 28, Section G.)

PAID ANNUAL LEAVE (DEPARTMENT OF CORRECTIONS)

The parties hereby agree that the annual leave formula shall be recalculated in the event a unit or subdivision is added or deleted; or the addition or deletion of employees would result in an increase or decrease of one or more employees to the annual leave formula.

The method of implementing the change in the annual leave formula shall be determined by the local union and management at the facility level. The local parties shall implement this Letter of Intent within two pay periods after the formula has been determined to have changed. Should the local parties fail to reach an agreement, the method shall be determined by the Department and the Michigan Corrections Organization.

SECURITY UNIT
LETTER OF INTENT #2

CORRECTIONS TRANSPORTATION OFFICERS

Upon the request of the central office of MCO, or from the MDOC, the parties shall meet and discuss issues affecting the CTO classification. The subject matter of such meeting(s) shall include, but shall not be limited to, physical fitness standards, scheduling, overtime and other issues unique to the classification.

SECURITY UNIT
LETTER OF UNDERSTANDING #1
(Article 28)

PAID ANNUAL LEAVE

During the course of our negotiations leading to the 1985-87 Security Unit contract the parties discussed, but did not negotiate, the annual leave formula used throughout the Department of Corrections.

The State gave the following assurances regarding the calculation and usage of the formula in conjunction with Article 28.

1. The average number of hours an employee credits to his/her compensatory time balance annually will be calculated and then added to the average annual leave earned in a year. This composite figure will then be treated for calculation purposes in the same manner as average annual leave accrual rate has been treated.

2. The application of the annual leave formula will be revised so that the number of persons released on annual leave will always be rounded up to the nearest ½ or whole number.

For example, 2.1 will be rounded up to 2.5; 2.6 will be rounded up to 3.0 etc.

The current practice regarding which periods would have 2.0 employees released, and which periods would have 3.0 employees released, when the figure is 2.5, will continue.

SECURITY UNIT
LETTER OF UNDERSTANDING #2

PREPAID LEGAL PLAN DEDUCTION

This records the parties' agreement to establish a voluntary individual payroll deduction privilege for members of the Security Unit for purposes of enrolling in an employee-pay-all prepaid legal plan. It is understood that such authorization for a payroll deduction is not a change in a rate of compensation, and that such deduction privilege may be initiated as soon as administratively practicable following approval by the Civil Service Commission. It is also understood that such entitlement shall be subject to the standard procedures and regulations of the DMB Office of Accounting (Administrative Manual 2-2-100) and the Department of Civil Service.

It is further understood that the selection of a provider to furnish such prepaid legal plan services, which shall be the third party recipient of such deductions, shall be subject to such terms and conditions as may attach to it by policies and regulations of the Civil Service Commission and directives of the Department of Management and Budget.

This Letter of Understanding is considered a condition of employment and, when approved by the Commission, a part of the parties' collective bargaining agreement.

SECURITY UNIT
LETTER OF UNDERSTANDING #3

IN SUPPORT OF NATIONAL HEALTH CARE REFORM

The Union and the Employer recognize that our nation’s health care system has reached a state of crisis. Skyrocketing health care costs threaten the living standards of

workers and the financial stability of state and local governments. Spending for publicly provided health care insurance, both for civil servants and the poor who rely on government for health care coverage, is the fastest growing component of state and local government budgets. The cost of providing health care insurance is rising as rapidly for the public sector as it is in the private sector.

In the past, the Union and the Employer have agreed to mutual efforts to control health care costs through various cost-containment initiatives. While the parties are committed to continuing these efforts, they now recognize that the problem cannot be solved through collective bargaining alone. Health care costs cannot be adequately controlled on a plan-by-plan, employer-by-employer, or even totally on a state-by-state basis. Rather, a new national framework for the health care system that works in true partnership with the states is required to solve the three related problems of cost, quality and access.

The parties agree to work jointly to achieve a national consensus for health care reform. National health care reforms should recognize the best of state initiatives, including statewide health care reforms that improve access, maximize delivery of cost-effective preventive care and that establish medical care payment programs designed to reduce overall medical costs. The parties recognize that cooperation between labor and management will increase their effectiveness in achieving changes in state and federal policy that both support.

At the national level, the parties agree to meet with Congress to begin work on approaches to achieve national health care reform that recognize the partnership role of states.

At the state level, the parties agree to the formation of a Joint Committee on Health Care Reform whose efforts will be guided by the following principles:

1. The interconnected problems of cost, quality, and access require comprehensive solutions involving states, the federal government and the private sector.

2. Immediate action to achieve a national consensus on comprehensive solutions is required, even though it may entail both short- and long-term initiatives.

3. Assuring all citizens access to affordable health care must have the highest priority. The financing of care should be shared fairly among all participants in the health care system. Health care financing must have a positive impact on international competition, preclude cost shifting among payers and assure basic care to individuals who do not have the ability to pay.

4. A comprehensive solution will require leadership from all levels of government and the private sector to establish a national framework for health care reform which will contain costs, assure quality, and extend access to affordable care for all citizens. The practice of shifting financial responsibility for health care costs from the federal

government to states and localities must end, and a stable financing base must be assured.

5. Cost containment strategies at the state level must work together with national reforms. State level cost containment strategies may include all-payer reimbursement systems, global budgeting of capital, an expanded role for community-based care that emphasizes preventive health care, electronic billing systems, purchasing consortia for small businesses to reduce administrative costs and tort liability reform, including national practice standards and protocols.

6. The federal government must recognize the critical role of states and localities as administrators and innovators. The federal government can assist states in their efforts to test various reform alternatives and the parties agree to study such alternatives, including reducing paperwork burdens, simplifying waiver procedures for Medicaid, utilizing all-payer reimbursement systems and the utilization of cost-effective managed care.

7. Reform should build upon the strengths of the American economic system including plurality (e.g., the choice of competing delivery systems), competition, technical innovations, and a federal/state partnership.

SECURITY UNIT
LETTER OF UNDERSTANDING #4

COMMERCIAL DRIVER LICENSE

The parties agree that under Act 346 of 1988 certain Unit employees may be required to obtain and retain a Commercial Driver License (CDL) to continue to perform certain duties for the State.

Whenever a CDL is referred to in this letter, it is understood to mean the CDL and any required endorsements.

In order to implement this provision, the parties agree to the following:

1. The Employer will reimburse the cost of the required CDL Group License and Endorsements for those employees in positions where such license and endorsements are required.

2. The Employer will reimburse, on a one-time basis, the fee for the skills test, if required, provided the skills test is not being required because of the employee's poor driving record. In that case, the employee is responsible for the cost of the skills test. Where a skills test is required, the employee will be permitted to utilize the appropriate state vehicle.

3. Employees shall be eligible for one grant of administrative leave to take the test to obtain or renew the CDL. Should the employee fail the test initially, the employee shall complete the necessary requirements on non-work time.

4. Employees reassigned to a position requiring a CDL shall be eligible for reimbursement and administrative leave in accordance with paragraphs 1, 2 and 3 above.

5. Employees desiring to transfer, promote, bump, or be recalled to a position requiring a CDL are not eligible for reimbursement or administrative leave for obtaining the initial CDL, but shall be eligible for reimbursement for renewal.

6. Employees who fail to obtain, or retain, a required CDL may be subject to removal from their positions. Employees who fail required tests may seek a 90-day extension of their current license, during which the Employer will retain the employee in their current, or equivalent position. The Employer shall not be responsible for any fees associated with such extensions. At the end of the 90-day extension, if the employee fails to pass all required tests, the employee may be reassigned at the Employer's discretion, in accordance with applicable contract provisions, to an available position for which the employee is qualified (but not requiring a CDL), or, if no position is available, the employee will be laid off without bumping rights and will be placed on the departmental recall list, subject to recall in accordance with the Agreement. Those employees not choosing to extend their license for the 90-day period will be removed from their positions at the expiration of their current license and may be reassigned at the Employer's discretion, in accordance with applicable contract provisions, to an available position not requiring a CDL for which the employee qualifies, or, if no position is available, they will be laid off without bumping rights and will be placed on the departmental recall list.

7. Employees required to obtain a medical certification of fitness shall have the "Examination To Determine Physical Condition of Drivers" form filed in their medical files. A copy of the Medical "Examiners Certificate" shall be filed in their personnel files. The Employer agrees to pay for the examination and to grant administrative leave for the time necessary to complete the examination.

This Letter of Understanding shall not apply to non-employees who may be required to have the CDL as a condition of employment, nor to employees whose license is suspended or revoked.

SECURITY UNIT

LETTER OF UNDERSTANDING #5

HEALTH CARE REFORM SUBCOMMITTEES

1. During the collective bargaining negotiations between the State of Michigan and the SEIU Coalition (Local 31-M, Michigan Corrections Organization, and Michigan Professional Employees Society) during 1992, the parties agreed to fund across the board pay increases in Fiscal Years 1993-94, 1994-95 and 1995-96 from implementing cost containment measures in the State's group insurance plans.

2. In the past the parties have agreed to mutual efforts to control health care costs through various cost-containment measures through the establishment of a Joint Committee on Health Care Reform.

3. The parties desire to draw on the expertise developed through their participation on that Committee in developing various cost containment measures to retard the rate of increase in the cost of the State's group insurance plans.

4. Therefore, the undersigned parties agree to establish subcommittees of the existing Joint Committee on Health Care Reform with labor and management members, assisted by staff of the Employee Benefits Division, Department of Civil Service. These subcommittees shall explore managed care, preferred provider systems, structural changes in the group insurance plans, and related matters as mutually agreed by the parties for the purpose of implementing cost containment measures in the State Health Plan and other group insurance plans on a timetable to be determined by the parties.

SECURITY UNIT
LETTER OF UNDERSTANDING #6

The following statements represent a Letter of Understanding between MCO and the MDOC:

1. MCO bargaining unit members requesting light-duty assignments shall not be permitted to work overtime until they have provided a release from their doctor stating they are able to return to full duty and perform the full function of their classification. At that time they shall be credited with the number of hours equal to the officer with the most hours on the OEL.

2. MCO bargaining unit members in working out of class outside the bargaining unit (“acting” sergeant, arum, etc.) Positions shall remain in the annual leave book (except for the period they are “acting”) and retain their RDOS and shift

for up to one year. However they will not be permitted to work overtime in the bargaining unit. Once they have vacated the “acting” position they shall be credited with the highest number of hours on the OEL at that time.

3. MCO bargaining unit members in “limited term” non-bargaining unit positions shall lose their bargaining unit RDOS and shall be removed from the OEL and the annual leave book for the period of the “limited term” appointment.

SECURITY UNIT
LETTER OF UNDERSTANDING #7

IMPLEMENTATION OF THE FEDERAL FAMILY AND MEDICAL LEAVE ACT

Except as otherwise provided by specific further agreement between the Michigan Corrections Organization and the Office of the State Employer, the following provisions reflect the parties' agreement on implementation of the rights and obligations of employees and the Employer under the terms of the Family and Medical Leave Act (“FMLA” or “ACT”) as may be amended and its implementing Regulations, as may be amended, which took effect for the Security Unit on April 6, 1995.

When an employee takes leave which meets the criteria of FMLA leave, the employee may request to designate the leave as FMLA leave or the Employer may designate such leave as FMLA leave. This applies when the employee requests an unpaid leave or is using applicable leave credits.

1. Employee Rights. Rights provided to employees under the terms of the collective bargaining agreement are not intended to be diminished by this Letter of Understanding. Contractually guaranteed leaves of absence shall not be reduced by virtue of implementation of the provisions of the Act.

2. Employer Rights. The rights vested in the Employer under the Act must be exercised in accordance with the Act unless modified by the provisions of the collective bargaining agreement.

3. Computation of the "twelve month period". The parties agree that an eligible employee is entitled to a total of 12 work weeks of FMLA leave during the 12 month period beginning on the first date the employee's parental, family care, or medical leave is taken; the next 12 month period begins the first time such leave is taken after completion of any 12 month period.

4. Qualifying Purpose. The Act provides for leave with pay using applicable leave credits or without pay for a total of 12 work weeks during a 12 month period for one or more of the following reasons:

   a. Because of the birth of a son or daughter of the employee and in order to care for

such son or daughter ("parental leave");

b. Because of the placement of a son or daughter with the employee for adoption or foster care ("parental leave");

c. In order to care for the spouse, son, daughter, or parent of the employee, if such spouse, son, daughter or parent has a serious health condition as defined in the Act ("family care leave");

d. Because of the employee's own serious health condition, as defined in the Act, that makes the employee unable to perform the functions of the position of the employee ("medical leave").

5. Information to the Employer. In accordance with the Act, the employee, or the employee's spokesperson if the employee is unable to do so personally, shall provide information for qualifying purposes to the Employer.

6. Department of Labor Final Regulations and Court Decisions. The parties recognize that the U. S. Department of Labor has issued its final regulations implementing the Act effective April 6, 1995. However, the Employer may make changes necessitated by any amendments to the Act and regulations or subsequent court decisions. The Employer shall provide timely notice to the Union and opportunity for the Union to meet to discuss the planned changes. Such discussions shall not serve to delay implementation of any changes mandated by law.

7. Complaints. Employee complaints alleging that the Employer has violated rights conferred upon the employee by the FMLA are not grievances under the collective bargaining agreement between the Union and the Employer. Any such complaints may be filed by an employee directly with the employee's Appointing Authority or to the U.S. Department of Labor. The Union may, but is not obligated to, assist the employee in resolving the employee's complaint with the employee's Appointing Authority. Complaints involving the application or interpretation of the FMLA or its Regulations shall not be subject to arbitration under the collective bargaining agreement.

8. Eligible Employee. For purposes of FMLA, Family Care Leave, an eligible employee is an employee who has been employed by the Employer for at least 12 months and has worked at least 1,250 hours in the previous 12 months. An employee's eligibility for a contractual leave of absence remains unaffected by this Letter of Understanding; however, such contractual leave of absence will count towards the employee's FMLA Leave entitlement after the employee has been employed by the Employer for at least 12 months, and has worked 1,250 hours during the previous twelve month period.

   Where the term "employee" is used in this Letter of Understanding, it means, "eligible employee". For purposes of FMLA leave eligibility, "employed by the

Employer" means "employed by the State of Michigan in the state classified service".

9. 12 Work Weeks During a 12 Month Period. An eligible employee is entitled under the Act to a combined total of 12 work weeks of FMLA leave during a 12 month period.

10. General Provisions.

    a. Time off from work for a qualifying purpose under the Act ("FMLA Leave") will count towards the employee's unpaid leave of absence guarantees as provided by the collective bargaining agreement. Time off for Family Care Leave will be as provided under the Act.

    b. Employees may request and shall be allowed to use accrued annual leave to substitute for any unpaid FMLA leave. Such use of accrued annual leave to substitute for any unpaid FMLA leave shall not be counted as an "annual leave slot taken" in administering the Annual Leave Formula unless the employee had previously reserved the time in the vacation book.

    c. The employee may request or the Employer may require the employee to use accrued sick leave to substitute for unpaid FMLA leave for the employee's own serious health condition or serious health condition of the employee's spouse, child, or parent.

    d. The Employer may temporarily reassign the employee to an alternative position at the same classification and level in accordance with an applicable collective bargaining agreement provision when it is necessary to accommodate the employee's intermittent leave or reduced work schedule in accordance with the Act. Such temporary reassignment may occur when the intermittent leave or reduced work schedule is intended to last longer than a total of ten work days, whether consecutive or cumulative. Whenever possible, the Employer shall make reasonable efforts to reassign the employee within the employee's current work location. For purposes of Layoff and Recall, the employee shall be considered to be in the layoff unit applicable to the employee's permanent position. Upon completion of an FMLA leave, the employee shall be returned to the employee's original position as soon as practicable and in accordance with the Act.

    e. Second or third medical opinions, at the Employer's expense, may be required from health care providers where the leave is designated as counting against an employee's FMLA leave entitlement, but only in accordance with the Act.

    f. Return to work from an FMLA leave will be in accordance with the provisions of the Act and any applicable collective bargaining agreement.

11. Insurance Continuation. Health Plan benefits will continue in accordance with the Act provided, however, that contractually established health plan benefits shall not

be diminished by this provision.

12. Medical Leave. Up to 12 work weeks of paid or unpaid medical leave during a 12 month period, granted pursuant to the collective bargaining agreement, may count towards an eligible employee's FMLA leave entitlement.

13. Annual Leave. When an employee requests to use annual or personal leave and it is determined, based on information provided to the Employer in accordance with the Act that the time is for a qualifying purpose under the Act, the Employer may designate the time as FMLA Leave and it will be counted against the employee's 12 work weeks FMLA Leave entitlement if the time is either:

    a. To substitute for an unpaid intermittent or reduced work schedule; or

    b. When the absence from work is intended to be for five or more work days.

14. Sick Leave. An employee may request or the Employer may require the employee to use sick leave to substitute for unpaid leave taken for a qualifying purpose under the Act. Contractual requirements that employees exhaust sick leave before a personal medical leave of absence commences shall continue. In addition, an employee will be required to exhaust sick leave credits down to 80 hours before a FMLA Family Care leave commences. If it is determined, based on information provided to the Employer in accordance with the Act that the time is for a qualifying purpose under the Act, the Employer may designate the time as FMLA leave and it will be counted against the employee's 12 work weeks FMLA leave entitlement if the time is either:

    a. To substitute for an unpaid intermittent or reduced work schedule; or

    b. When the absence from work is intended to be for five or more work days. Annual leave or personal leave used in lieu of sick leave may be likewise counted.

15. Parental Leave. Except as specifically provided herein, contractual parental leave guarantees are unaffected by implementation of FMLA. An employee's entitlement to parental leave will expire and must conclude within 12 months after the birth, adoption, or foster care placement of a child. However, in accordance with the Act, an eligible employee is only entitled to up to a total of 12 work weeks of leave for foster care placement of a child. Up to 12 work weeks of leave will be counted towards the FMLA leave entitlement. An employee may request to substitute annual or personal leave for any portion of the unpaid parental leave. Intermittent or reduced work schedules may only be taken with the Employer's approval.

16. Light Duty. In accordance with the Act, if an employee voluntarily accepts a light duty assignment in lieu of continuing on FMLA leave, the employee’s right under the Act to be restored to the same or an equivalent position continues only until a total of

12 weeks, including the time in the light duty job, has passed.

SECURITY UNIT
LETTER OF UNDERSTANDING #8

IMPLEMENTING FEDERAL OMNIBUS TRANSPORTATION EMPLOYEE TESTING ACT & REGULATIONS

The parties acknowledge that the Omnibus Transportation Employee Testing Act of 1991 ("Act"), which became effective for the State of Michigan and its employees on January 1, 1995, requires that covered employees submit to testing for alcohol and controlled substances under the circumstances provided in the implementing regulations. The parties also acknowledge that the Employer is required to conduct alcohol and controlled substance testing of employees who occupy safety sensitive positions (as defined in the Act and implementing regulations) in accordance with the criteria and procedures provided in the Act and implementing regulations, and in all other respects comply with the Act and implementing regulations.

The Employer will furnish to MCO by January 30th of each year the names and work locations of bargaining unit employees who, on or about the beginning of that calendar year, are covered by the Omnibus Transportation Employee Testing Act, and the type(s) of vehicle(s) each employee may be required to drive.

The Employer will provide to the Union identification of the testing laboratory(ies), collection sites, and the contractor in charge of the overall testing procedure, and any other information necessary to reasonably assure the Union of the quality control features of the program. It is understood that the results of a post-accident alcohol test conducted by a local or state police agency may be used if the results are obtained by the employer.

The Union and the Office of the State Employer will meet at the request of either party to discuss concerns about the procedure, and to otherwise ensure compliance with the requirements of the Act and its implementing regulations.

The Employer agrees to inform the employee, at the time the employee is notified of selection for testing, of the basis for testing (pre-employment, post-accident, reasonable suspicion, random, return-to-duty or follow-up).

In the event the employee is directed to submit to reasonable suspicion testing for alcohol or controlled substances, the Employer shall provide to the employee documentation of the observations giving rise to the directive for testing. A preliminary reasonable suspicion determination made by a supervisor must be reviewed and approved by the departmental drug and alcohol testing coordinator or designee. Reasonable suspicion determinations must be documented within 24 hours of observation, or before

results of the required controlled substance test are released, whichever occurs first, and must be signed by the person who made the determination. A copy of the signed documentation shall be provided to the employee when it becomes available. An employee may confer with an available union representative whenever the employee is directed to submit to a reasonable suspicion alcohol or controlled substance test, provided such contact will not unreasonably delay the testing procedure.

Alcohol testing will only be performed before, during or after an employee is performing safety sensitive functions. "Performing safety sensitive functions" means actually performing, ready to perform, or immediately available to perform a safety sensitive function. Controlled substance testing may occur at any time the employee is on duty.

An employee covered by the Act who is using or in possession of any controlled substance shall, prior to reporting for or remaining on duty time to perform safety sensitive functions, provide the Employer with a written statement from the prescribing physician reporting the physician's professional opinion of whether or not the prescribed medication which contains the controlled substance does or does not adversely affect the employee's ability to perform safety sensitive functions. If the Employer relieves the employee from the duty of performing safety sensitive functions on the basis of the information supplied by the employee and/or the employee's physician, at the Employer's discretion the employee may be placed on another assignment, if one is available for which the employee is qualified, or, if none is available for which the employee is qualified, the employee may be placed on leave until one becomes available, with the employee having the right to elect to charge the absence to accumulated leave credits for purposes of pay.

The Employer will not test for any substance not required under the Act, under the nominal authority of the Act, nor will the Employer keep records of non-tested or reported substances unless required by the Act.

Both the Employer and the Union will encourage employees to seek professional assistance whenever necessary. An employee who voluntarily discloses a problem with use of a controlled substance or alcohol abuse shall not be disciplined for such disclosure, provided the employee discloses the problem prior to being notified to take a random or reasonable suspicion test under the Act, i.e., (A) has not been notified to take a random test, (B) is not in the process of complying with post-accident testing, (C) is not notified to submit to reasonable suspicion testing, (D) is not undergoing pre-employment testing for re-placement into the pool, etc. The employee shall be referred to a substance abuse professional (SAP). Employee absences under these circumstances will be covered by available leave credits, or a medical leave of absence in accordance with Article 19, Section E. of this agreement.

The Union retains the right to challenge, under the contractual grievance procedure, any elements of the testing procedure or rule not required under the Act. Grievances alleging contract violations resulting from Employer policies, practices, procedures and/or decisions adopted to comply with the Act and implementing regulations may be

initially filed at step 3 of the contractual grievance procedure. However, an arbitrator shall have authority to interpret the Act and its implementing regulations only to the extent necessary to determine whether the disputed Employer policies, practices, procedures and/or decisions are required by the Act or the implementing regulations.

PHYSICIAN STATEMENT

DATE: _____

My patient, _____, is currently taking prescription medication which contains a controlled substance as defined by Schedules I through V in 21 U.S.C. 802 as Revised.

After review of the effects of this (these) medication(s) at the dosage and intervals prescribed and being informed by the patient of his/her work responsibilities related to the performance of any safety related functions, it is my professional opinion that the prescribed medication

DOES_____ DOES NOT_____ (Check Appropriate Response)

adversely affect my patient's ability to safely operate a commercial motor vehicle or perform other safety sensitive functions.

Signed by Prescribing Physician _____

Physician's Name Printed or Typed _____

SECURITY UNIT
LETTER OF UNDERSTANDING #9

COMMITTEE ON POLITICAL EDUCATION

During the current negotiations, the parties acknowledged the Civil Service Commission's current policy prohibiting payroll deduction and remittance for the purpose of contributing, voluntarily or otherwise, to a committee on political action. Accordingly, the parties jointly agreed not to conduct negotiations over the subject at this time.

However, the parties also agreed that, in the event the Civil Service Commission Policy is amended to permit such payroll deduction and remittance, upon the request of the Union, and subject to such limitations as the Civil Service Commission may establish, payroll deduction will be implemented.

SECURITY UNIT
LETTER OF UNDERSTANDING #10
(Article 30)

The attached Rules for Network Use will be used by the parties in determining in and out-of-network benefits. In addition, the parties agree to set up a joint committee for the purpose of creating any additional guidelines and reviewing implementation. The committee will also be charged with identifying situations in which access to non-participating providers may be necessary and developing procedures to avoid balance billing in these situations.

The parties have also discussed the fact that there are some state employees who do not live in Michigan. The following are procedures in place for persons living or traveling outside Michigan:

> Members who need medical care when away from Michigan can take advantage of the Third Party Administrator's National PPO program. There is a toll-free number for members to call in order to be directed to the nearest PPO provider. The member is not required to pay the physician or hospital at the time of service if he/she presents the PPO identification card to the network provider.
>
> If a member is traveling he/she must seek services from a PPO provider. Failure to seek such services from a PPO provider will result in a member being treated as out-of-network unless the member was seeking services as the result of an emergency.
>
> If a member resides out of state and seeks non-emergency services from a non-PPO provider, he/she will be treated as out-of-network. If there is not adequate access to a PPO provider, exceptions will be handled on a per case basis.

RULES FOR NETWORK USE

A member is considered to have access to the network based on the type of services required, if there are:

- Primary Care -Two Primary Care Physicians (PCP) within 15 miles;
- Specialty Care -Two Specialty Care Physicians (SCP) within 20 miles; and
- Hospital - One hospital within 25 miles.

The distance between the member and provider is the center-point of one zip code to the center-point of the other.

Member Costs Associated with In-Network or Out-of-Network Use

	In-Network	Out-of-Network
Deductible	$200/individual $400/family	$500/individual $1,000/family
Co-payments	Office Visits $10 Services 0% or 10% Emergency 0%	Most services 10% (See 2. below)
Preventive Services	Covered at 100% Limited to $750 per Calendar year per person. In January 2006, limit increases to $1,500.	Not covered
Out-of-Pocket Maximum	$1,000/individual $2,000/family	$2,000/individual $4,000/family

1. If a member has access to the network, the member receives benefits at the in-network level when a network provider is used. The member is responsible for the in-network deductible (if any) and co-payment (if any). If a network provider refers the member to an out-of-network SCP the member continues to pay in-network expenses.

2. If a member has access to the network, the member receives benefits at the out-of-network level when a non-network provider is used. The member is responsible for the out-of-network deductible (if any), and co-payment (if any).

    - If the non-network provider is a Blues' participating provider, the provider will accept the Blues' payment as payment in full. The member is responsible for the out-of-network deductible and co-payment. The member will not, however, be balance billed.

    - If the non-network provider is not a Blues' participating provider, the provider does not accept Blues' payment as payment in full. The member is responsible for the out-of-network deductible and co-payment. The member may also be balance billed by the provider for all amounts in excess of the Blues' approved payment amount.

When a member has access to the network and chooses to use an out-of-network provider, amounts paid toward the out-of-network deductible, co-payment or out-of-pocket maximum cannot be used to satisfy the in-network deductible, co-payments or out-of-pocket maximum.

3. If a member does not have access to the network as provided above, the member will be treated as in-network for all benefits. The member will be responsible for the in-network deductible (if any) and co-payment (if any).

4. If a member does not have access to the network but then additional providers join the network so that the member would now be considered in-network, the member will be notified and given a reasonable amount of time in which to seek care from an in-network provider. Care received from a non-network provider after that grace period will be considered out-of-network and the out-of-network deductibles, co-payments and out-of-pocket maximums will apply. If a member is undergoing a course of treatment at the time he becomes in-network, the in-network rules will continue for that course of treatment only pursuant to the PPO Standard Transition Policy. Once the course of treatment has been finished, the member must use an in-network provider or be governed by the out-of-network rules.

If a member is under a course of treatment on January 1, 2003 when the new State Health Plan is implemented, the member will be treated as in-network until the course of treatment is concluded pursuant to the PPO Standard Transition Policy. After that, the level of benefits will be governed by the in/out-of-network rules of the new State Health Plan.

SECURITY UNIT
LETTER OF UNDERSTANDING #11
(ARTICLE 19)

MILITARY LEAVE

Whenever an employee enters into the active military service of the United States, the employee shall be granted a military leave as provided under Civil Service Commission rules and regulations. It is the clear intent to abide by requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 and other applicable federal statutes. Complaints regarding USERRA and other applicable federal statutes are not grievable.

If Cvil Service rules or regulations are revised, the parties shall meet to discuss their application to bargaining unit members.

SECURITY UNIT
LETTER OF UNDERSTANDING #12
(ARTICLE 16, SECTION I. MEAL PERIODS)

Through the expiration of this agreement, December 31, 2007, the Eemployer agrees not to assert or exercise its right, related to relieving employees of their custody responsibilities during a meal period.

SECURITY UNIT
LETTER OF UNDERSTANDING #13
(Article 17 and Article 29)

The parties agree to increase the 150 hours of compensatory time accrual limit to 200 hours. However, compensatory time hours over 150 shall not be included in the annual leave formula.

Article 29, Section C shall be changed to read:

> An employee disabled for fifty weeks or less or an employee disabled for 100 weeks as the result of an assault may be entitled to a medical leave of absence in accordance with Article 19.

The above provisions shall be in effect from January 2, 2005 through October 22, 2005.

SECURITY UNIT
LETTER OF UNDERSTANDING #14

EMPLOYMENT AND CONTINUING CONDITION GUARANTEE

The Employer agrees that no employee in the security bargaining unit will be temporarily laid off, nor have their hours of employment unilaterally reduced under the provisions of this Agreement, during the term of this Agreement. Any time the Employer abolishes an occupied position necessitating layoff(s), affected employees will be offered employment within the bargaining unit. Employees who do not accept such employment shall be laid off, and such layoff shall not be deemed to violate this guarantee.

In the unanticipated event that it becomes necessary to conduct temporary layoffs or reduce the hours of bargaining unit employees, the Director of the Office of the State Employer shall inform the union as early as possible, but consistent with the requirements of the collective bargaining agreement. Upon union request, the Employer shall discuss the potential impact upon unit employees caused by such

actions. Following Employer notice of temporary layoffs or hours reduction, upon Union request employee participation in the banked leave time program will be suspended for all employees in the bargaining unit for the remainder of this Agreement beginning with the next pay period. All accrued Banked Leave Time hours shall remain subject to the provisions of the Letter of Understanding.

This guarantee shall be effective January 2, 2005 and end October 22, 2005.

SECURITY UNIT
LETTER OF UNDERSTANDING #15

BANKED LEAVE TIME PROGRAM

1. Eligibility.

All probationary and non-probationary employees shall be required to participate in the Banked Leave Time Program (Program) known as Part B hours under the State's Annual and Sick Leave Program.

2. Definitions and Description of Program.

An employee shall work a regular work schedule, but receive pay for a reduced number of hours. The employee's pay shall be reduced by four ~~(4)~~ hours per pay period. The employee will be credited with a like number of Banked Leave Time (BLT) hours for each biweekly pay period.

3. Hours Eligible for Conversion to Program.

The number of BLT hours for which the employee receives credit shall be accumulated and reported periodically to participating employees. During the term of this Letter of Understanding, an employee shall not be able to accumulate in excess of ~~104~~ 188 BLT hours. Accumulated BLT hours shall not be counted against the employee's regular annual leave cap, known as Part A hours under the Annual and Sick Leave Program.

The employee shall be eligible to use the accumulated BLT hours in a subsequent pay period in the same manner as regular annual leave, pursuant to Article 28.

4. Timing of Conversion of Unused Program Hours.

Upon an employee's separation, death or retirement from state service, unused BLT hours shall be contributed by the State to the employee's account within the State of Michigan 401(k) plan, and if applicable to the State of Michigan 457 plan. Such contributions shall be treated as non-elective employer contributions, and shall be calculated using the product of the following: (i) the number of BLT hours and, (ii) the employee's base hourly rate in effect at the time of the employee's separation, death, or retirement from state service.

If the amount of a projected contribution would exceed the maximum amount allowable under Section 415 of the Internal Revenue Code (when combined with other projected contributions that count against such limit), the State shall first make a contribution to the employee's account within the State of Michigan 401(k) plan up to the maximum allowed, and then make the additional contribution to the employee's account within the State of Michigan 457 plan.

5. Insurances, Leave Accruals and Service Credits.

Retirement service credits, overtime compensation, longevity compensation, step increases, continuous service hours, holiday pay, annual and sick leave accruals, cleaning allowance, physical standards and fitness incentive, and other pro-rations that would disadvantage any employee will continue as if the employee had received pay for the BLT hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the Program. Employees shall incur no break in service due to participation in the Program. The Program is not intended to have a negative effect on the Final Average Compensation calculations under the State's Defined Benefit Plan nor the salary used for employer contribution calculations under the State's Defined Contribution Plan. Banked Leave Time hours ARE to be treated as time worked and time paid for purposes of retirement

6. Relationship to Plan A and Plan C.

Before incurring unpaid Plan A or Plan C hours all BLT hours must be exhausted.

7. Hours Added to the Annual Leave Formula.

22 BLT hours for each employee shall be added to the annual leave formula provided for in Letter of Understanding #1 and as provided in the DCH secondary agreement for calendar year 2006.

8. Term.

The Program shall be effective beginning January 2, 2005 and shall be in effect through the pay period ending October 22, 2005. No additional BLT hours will be requested by the Employer for the duration of this Agreement that expires on December 31, 2007.